

Message Text

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66

ACTION EUR-25

INFO OCT-01 AF-10 ADP-00 SCEM-02 OEP-01 EB-11 COME-00 PA-03

PRS-01 USIA-12 L-03 TRSE-00 H-02 OMB-01 SS-15 NSC-10

PM-09 AID-20 INT-08 CIAE-00 INR-10 NSAE-00 RSC-01

RSR-01 /146 W

----- 045788

R 111535 Z APR 73

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 4177

INFO AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TRIPOLI

C O N F I D E N T I A L VALLETTA 0716

E. O. 11652: GDS

TAGS: ENRG, MT

SUBJECT: OIL MARKETING: ESSO PROBLEMS

REF: A. VALLETTA 699; B. VALLETTA 633

1. AT OUR SUGGESTIONS, LOCAL ESSO MANAGER, HUGH NAUDI, CALLED AT EMBASSY APRIL 11. WE TOLD NAUDI WE HAD NOTICED PRESS REPORT (REF A) INDICATING ESSO STANDARD MALTA LICENSE TO OPERATE MAY NOT BE RENEWED.

2. NAUDI SAID TECHNICALLY PRESS ARTICLE COULD NOT BE CORRECT SINCE GOM HAS NOT PERMITTED RENEWAL OF LICENSES FOR EITHER SHELL OR ESSO FOR 1972 OR 1973. BP LICENSE FOR 1972 WAS RENEWED, BUT APPARENTLY ONLY IN ORDER THAT IT COULD BE REVOKED TO FORCE BP OUT OF MALTA. BOTH ESSO AND SHELL HAVE ATTEMPTED RENEWAL BUT CHECKS FOR LICENSE FEES HAVE BEEN RETURNED.

3. NAUDI SAID THAT RESULT OF SEVERAL PROBES INDICATES TO HIM NO IMMINENT ACTION AGAINST ESSO OR SHELL. HE IS, HOWEVER, CONCERNED THAT AT SOME POINT IN FUTURE MINTOFF WILL SET UP GOVERNMENT INSTALLATIONS AND DISTRIBUTION SYSTEM AND
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FORCE PRIVATE IMPORTERS AND DISTRIBUTORS OUT OF BUSINESS.

4. ALTHOUGH ESSO WAS ABLE TO MAKE SLIGHT PROFIT LAST YEAR IN SPITE OF LOCAL PRICE FREEZE AND RISING COSTS OF IMPORTED PRODUCTS AND LABOR, NAUDI SAYS THAT RECENT PRICE INCREASES WILL FORCE HIM TO RUN AT A LOSS THIS YEAR. ESSO IS IN WORSE POSITION THAN SHELL, SINCE ESSO'S RETAIL PRICES, FOR COMMERCIAL PROMOTION REASONS, WERE PEGGED BELOW SHELL AT MOMENT PRICE CONTROL IMPOSED.

5. COMMENT: AT THIS TIME, IT DOES NOT APPEAR THAT AN AMERICAN COMPANY AS SUCH IS BEING DISCRIMINATED AGAINST. BP, OF COURSE, HAS ALREADY BEEN FORCED OUT OF MALTA AND NAUDI'S FEAR FOR FUTURE MAY BE JUSTIFIED. PRIME MINISTER'S ANSWER TO QUESTION IN PARLIAMENT (REF B) CERTAINLY GIVES SUBSTANCE TO THIS POSSIBILITY. WE WILL LOOK FOR OPPORTUNITY TO MAKE A LOW KEY INQUIRY OF GOM, BUT WE DO NOT WISH TO PRECIPITATE ACTION OR RAISE QUESTIONS BETTER LEFT UNDISTURBED. GETZ

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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Disposition Authority: cunninfx
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30 JUN 2005

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